

# Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[REG–129067–15]

RIN 1545–BM99

#### Definition of Political Subdivision

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Withdrawal of notice of proposed rulemaking.

**SUMMARY:** This document withdraws a notice of proposed rulemaking regarding the definition of a political subdivision for purposes of tax-exempt bonds.

**DATES:** As of October 20, 2017, the notice of proposed rulemaking (REG–129067–15) that was published in the **Federal Register** on February 23, 2016, (81 FR 8870) is withdrawn.

**FOR FURTHER INFORMATION CONTACT:** Spence Hanemann at (202) 317–6980 (not a toll-free number).

#### SUPPLEMENTARY INFORMATION:

##### Background

On February 23, 2016, the Department of the Treasury (the Treasury Department) and the IRS published in the **Federal Register** a notice of proposed rulemaking (81 FR 8870) that defines *political subdivision* for purposes of tax-exempt bonds under section 103 of the Internal Revenue Code (the Proposed Regulations). The Treasury Department and the IRS received public comments and, on June 6, 2016, held a public hearing on the Proposed Regulations. In response to the Proposed Regulations, commenters stated that long-settled law establishes the meaning of political subdivision and that no further guidance is necessary. Commenters also stated that the Proposed Regulations would call into doubt the status of numerous existing issuers and users of tax-exempt bonds and that reorganizing these entities to qualify as political subdivisions under

the Proposed Regulations would be burdensome.

Executive Order 13789, issued on April 21, 2017, instructs the Secretary of the Treasury (the Secretary) to review all significant tax regulations issued on or after January 1, 2016, and to take concrete action to alleviate the burdens of regulations that (i) impose an undue financial burden on U.S. taxpayers; (ii) add undue complexity to the Federal tax laws; or (iii) exceed the statutory authority of the IRS. E.O. 13789 further instructs the Secretary to submit to the President within 60 days an interim report that identifies regulations that meet these criteria. Notice 2017–38 (2017–30 I.R.B. 147 (July 24, 2017)) included the Proposed Regulations in a list of eight regulations identified by the Secretary in the interim report as meeting at least one of the first two criteria specified in E.O. 13789.

E.O. 13789 further instructs the Secretary to submit to the President by September 18, 2017, a final report that recommends specific actions to mitigate the burden imposed by regulations identified in the interim report. On October 16, 2017, the Secretary published this final report in the **Federal Register** (82 FR 48013), recommending a complete withdrawal of the Proposed Regulations to mitigate their potential burden. To implement the Secretary's recommendation, the Treasury Department and the IRS are withdrawing the Proposed Regulations.

#### Drafting Information

The principal authors of this withdrawal notice are Spence Hanemann and Timothy Jones, Office of the Associate Chief Counsel (Financial Institutions and Products), IRS.

#### List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

#### Withdrawal of Notice of Proposed Rulemaking

Accordingly, under the authority of 26 U.S.C. 7805, the notice of proposed rulemaking (REG–129067–15) that was published in the **Federal Register** on

February 23, 2016, (81 FR 8870) is withdrawn.

**Kirsten Wielobob,**

*Deputy Commissioner for Services and Enforcement.*

[FR Doc. 2017–22777 Filed 10–19–17; 8:45 am]

**BILLING CODE 4830–01–P**

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 25

[REG–163113–02]

RIN 1545–BB71

#### Estate, Gift, and Generation-Skipping Transfer Taxes; Restrictions on Liquidation of an Interest

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Withdrawal of notice of proposed rulemaking.

**SUMMARY:** This document withdraws proposed regulations concerning the estate, gift and generation-skipping transfer (GST) tax treatment of lapses of liquidation rights in family-controlled entities, as well as the valuation of interests in family-controlled corporations and partnerships for estate, gift, and GST tax purposes. Specifically, the proposed regulations would have treated certain lapses of liquidation rights as transfers occurring at death. The proposed regulations also addressed the treatment of restrictions on liquidation and withdrawal in determining the value of transferred interests in family-controlled entities. This withdrawal affects certain transferors of interests in corporations and partnerships.

**DATES:** The notice of proposed rulemaking published August 4, 2016 (81 FR 51413) is withdrawn as of October 20, 2017.

**FOR FURTHER INFORMATION CONTACT:** John D. MacEachen, (202) 317–6859 (not a toll-free number).

#### SUPPLEMENTARY INFORMATION:

##### Background

Section 2704 of the Internal Revenue Code provides special rules for purposes of subtitle B (relating to estate, gift, and GST taxes). Under section 2704(a), a lapse of certain voting or liquidation

rights is treated as a transfer of an amount equal to the excess of the fair market value of all interests held by the transferor, determined as if the voting or liquidation rights were nonlapsing, over the fair market value of such interests after the lapse. In addition, under section 2704(b) certain restrictions on liquidation are disregarded in determining the fair market value of the transferred interest. Section 2704(b)(4) authorizes the Secretary to provide by regulation that other restrictions may be disregarded if the restriction has the effect of reducing the value of an interest transferred to a member of the transferor's family for estate, gift, or GST tax purposes but does not ultimately reduce the value of such interest to the transferee.

On August 4, 2016, the Treasury Department and the IRS published in the **Federal Register** (81 FR 51413) a notice of proposed rulemaking under section 2704 (REG-163113-02), relating to restrictions on the liquidation of an interest in a corporation or a partnership. The proposed regulations sought to amend the existing regulations: (1) To address what constitutes control of a limited liability company or other entity or arrangement that is not a corporation, partnership, or limited partnership; (2) to address the effect of deathbed transfers that result in the lapse of a liquidation right; (3) to clarify the treatment of a transfer that results in the creation of an assignee interest; (4) to address the effect of restrictions created by state law; (5) to address restrictions on withdrawal from an entity and the liquidation of an interest in an entity; and (6) to address the effect of insubstantial interests held by persons who are not members of the family.

The Treasury Department and the IRS received numerous written comments on the proposed regulations from interested parties, and held a public hearing on December 1, 2016.

Executive Order 13789, issued on April 21, 2017, instructs the Secretary of the Treasury (the Secretary) to review all significant tax regulations issued on or after January 1, 2016, and to take concrete action to alleviate the burdens of regulations that (i) impose an undue financial burden on U.S. taxpayers; (ii) add undue complexity to the Federal tax laws; or (iii) exceed the statutory authority of the IRS. E.O. 13789 further instructs the Secretary to submit to the President within 60 days an interim report that identifies regulations that meet these criteria. Notice 2017-38 (2017-30 I.R.B. 147 (July 24, 2017)) included the proposed regulations in a list of eight regulations identified by the

Secretary in the interim report as meeting at least one of the first two criteria specified in E.O. 13789.

E.O. 13789 further instructs the Secretary to submit to the President by September 18, 2017, a final report that recommends specific actions to mitigate the burden imposed by regulations identified in the interim report. The Secretary published this final report in the **Federal Register** (82 FR 48013), recommending a complete withdrawal of the proposed regulations to mitigate their potential burden. To implement the Secretary's recommendation, the Treasury Department and the IRS, are withdrawing the proposed regulations.

#### List of Subjects in 26 CFR Part 25

Gift taxes, Reporting and recordkeeping requirements.

#### Withdrawal of Notice of Proposed Rulemaking

Accordingly, under the authority of 26 U.S.C. 7805, the notice of proposed rulemaking (REG-163113-02) that was published in the **Federal Register** on August 4, 2016 (81 FR 51413) is withdrawn.

#### Kirsten Wielobob,

*Deputy Commissioner for Services and Enforcement.*

[FR Doc. 2017-22776 Filed 10-17-17; 4:15 pm]

BILLING CODE 4830-01-P

## ENVIRONMENTAL PROTECTION AGENCY

### 40 CFR Part 52

[EPA-R05-OAR-2017-0157; FRL-9969-86-Region 5]

#### Air Plan Approval; Wisconsin; Regional Haze Progress Report

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Proposed rule.

**SUMMARY:** The Environmental Protection Agency (EPA) is proposing to approve the regional haze progress report under the Clean Air Act as a revision to the Wisconsin State Implementation Plan (SIP). Wisconsin has satisfied the progress report requirements of the Regional Haze Rule. Wisconsin has also met the requirements for a determination of the adequacy of its regional haze plan with its negative declaration submitted with the progress report.

**DATES:** Comments must be received on or before November 20, 2017.

**ADDRESSES:** Submit your comments, identified by Docket ID No. EPA-R05-

OAR-2017-0157 at <http://www.regulations.gov> or via email to [aburano.douglas@epa.gov](mailto:aburano.douglas@epa.gov). For comments submitted at [Regulations.gov](http://www.regulations.gov), follow the online instructions for submitting comments. Once submitted, comments cannot be edited or removed from [Regulations.gov](http://www.regulations.gov). For either manner of submission, EPA may publish any comment received to its public docket. Do not submit electronically any information you consider to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Multimedia submissions (audio, video, etc.) must be accompanied by a written comment. The written comment is considered the official comment and should include discussion of all points you wish to make. EPA will generally not consider comments or comment contents located outside of the primary submission (*i.e.* on the web, cloud, or other file sharing system). For additional submission methods, please contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section.

For the full EPA public comment policy, information about CBI or multimedia submissions, and general guidance on making effective comments, please visit <http://www2.epa.gov/dockets/commenting-epa-dockets>.

#### FOR FURTHER INFORMATION CONTACT:

Gilberto Alvarez, Environmental Scientist, Attainment Planning and Maintenance Section, Air Programs Branch (AR-18J), Environmental Protection Agency, Region 5, 77 West Jackson Boulevard, Chicago, Illinois 60604, (312) 886-6143, [alvarez.gilberto@epa.gov](mailto:alvarez.gilberto@epa.gov).

**SUPPLEMENTARY INFORMATION:** In the Final Rules section of this **Federal Register**, EPA is approving the State's SIP submittal as a direct final rule without prior proposal because the Agency views this as a noncontroversial submittal and anticipates no adverse comments. A detailed rationale for the approval is set forth in the direct final rule. If no adverse comments are received in response to this rule, no further activity is contemplated. If EPA receives adverse comments, the direct final rule will be withdrawn and all public comments received will be addressed in a subsequent final rule based on this proposed rule. EPA will not institute a second comment period. Any parties interested in commenting on this action should do so at this time. Please note that if EPA receives adverse comment on an amendment, paragraph, or section of this rule and if that provision may be severed from the